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MINISTRY OF COMMERCE AND INDUSTRY

RESOLUTION

New Delhi, the 12th May 1955

No. 30/13/55-IP(B).—The Government of India, by its Notification No. S.R.O. 2522, dated the 30th July 1954, applied Section 15 of the Forward Contracts (Regulation) Act, 1952, to full pressed or loose Indian cotton throughout India, except the State of Jammu and Kashmir. As a result, all transferable contracts for purchase or sale of Indian cotton entered into otherwise than between members of an Association recognised under the Act in this behalf or through or with such members became illegal. The recognition previously accorded by the Government of Bombay to the East India Cotton Association continued however to remain effective.

2. The Forward Markets Commission has now submitted a report on the establishment of futures markets at various centres in India. Its recommendations are as follows:—

- (1) The recognition of the East India Cotton Association, Bombay, should be continued under Section 6 of the Forward Contracts (Regulation) Act, 1952, on a permanent basis.
- (2) Futures markets should also be established immediately at three centres in the country, namely Akola, Indore and Ahmedabad.
- (3) The Malhya Pradesh Commercial Exchange Ltd., Akola, should be recognised for a period of three years.
- (4) The West India Cotton Association, Ahmedabad, should be recognised for a period of three years.
- (5) An Association to be newly constituted at Indore should be recognised as soon as an application is received from it, provided the Commission is satisfied that it is fully representative of the concerned interests and accords a balanced representation to Indore and Ujjain on its Board of Directors. The recognition should be for a period of three years.
- (6) Futures markets should be established in due course at two or three additional centres in the country.

3. The Government of India have accepted the main recommendation of the Commission that in addition to the East India Cotton Association, Bombay, forward markets may be established in some other centres as well. They consider, however, that the establishment of new markets should be done gradually and as a result of experience gained in their working. They have decided accordingly that, to begin with, futures markets should be established at two other centres viz. Akola and Indore. While the East India Cotton Association, Bombay, will continue to provide hedging facilities in respect of Indian cotton generally, the Akola and Indore Associations will provide hedging facilities only for the locally grown varieties.

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